

WARRANT COMMITTEE FY07 MEETING MINUTES
MARCH 14, 2007, 7:30 P.M.
CHENERY MIDDLE SCHOOL COMMUNITY ROOM

Meeting was called to order at 7:32 by Chair Jones.

Present: Town Administrator Younger, Assistant Town Accountant Martin; BOS Chair Solomon; School Committee Member Stratford; and Town Treasurer Carmen

Absent: Members Christensen, Callanan, Paolillo; Town Accountant Hagg; and Assistant Town Administrator Conti

Minutes Approved for 3-07-07

After corrections were made, the minutes of 3-07-07 were approved with two abstentions.

Discussion of Three-year Projection of Revenues and Expenses

Chair Jones began the meeting by stating: "Tonight we are prepared to hear budget projections that have been prepared by [Town Accountant] Barbara Hagg and [WC member] Robie White, neither of whom are here presently." He then gave a brief overview: It seemed clear at Saturday's meeting (the 3/10/07 BOS meeting that included the WC and School Committee) that we need a fact-based ("data-driven") approach to examining the budget projections. Member White and Town Accountant Hagg have checked over assumptions of revenue and have applied these numbers to create a forecast analysis. "It is not a pretty picture," said Chair Jones. It does speak to the concern Member Widmer raised (in previous meetings) of how many overrides will be needed and in what order: perhaps an operating override in FY09, as well as two capital projects, pavement (\$2.1M), and a Wellington decision in FY08.

Member White, who arrived while Chair Jones was speaking, then distributed a handout ["BELMONT PROPERTY TAX FORECAST/ANALYSIS (\$000)" - see attachment], and began to highlight its facets: there are three sections to note (Property Tax, Operating Deficit, and Free Cash), each one outlined year by year. The FY07 Property Tax figure is \$57.5M, while the FY08 figure is \$60.1M - a 4.7% increase. With \$76M total revenue projected (\$78M at level service), we could break even for FY08 - when we take funds out for roads and retiree health care (assuming a level service deficit), \$300K is left for free cash going into FY09. But then, a \$3.3M General Operating Override is also assumed for FY09. There are lots of assumptions here based on Wellington, roads effort, adding maintenance, buildings, as well as potential health care savings, and a level service budget in FY08, Member White concluded.

The ensuing discussion:

Member Curtis noted that the rate of growth reflected here is only ~5%, and yet we are still looking at big overrides. Member White agreed and added that the high school and library are not even included in this forecast. Member Allison asked how each million in additional operating expenses impacted that tax rate per \$1000. Member White said he would calculate. Member Bruschi offered that at the briefing on Monday night there will be a discussion of a new plan for BHS which may mean a debt exclusion next year for the high school, with construction beginning in FY09. There is a chance the state could assist us with some funding for the high school and Wellington in FY08, she said.

Member Heigham noted that by FY11, there is a 35% increase in real estate tax and he is doubtful that voters will support that.

Member Curtis noted that the "HEALTH-CARE EXP REDUCTION-NET" figure is very important to the viability of the projected budget for FY08 and beyond. The health-care expense reductions will only be achieved through collective bargaining, he said. Without this reduction, the budget numbers look more grim. Chair Jones offered that, in this analysis, \$1M in net savings for FY08 is assumed to come from the health-care expense reductions.

Member Allison asked: For each million of savings, what is the translation in terms of percentage of health care costs? Member Widmer replied that the total health care budget is \$10.3M, which is a 10% savings. Member Curtis added that he will have numbers on savings in other areas as well, including: planned design changes, capping PPO, and reducing HMO costs by increasing employee contributions from 10% to 20%. Member Allison asked about the debt exclusions and if they are bonded over 25 years at an interest rate of 6% - and how each million dollars in debt impacts the tax rate.

Chair Jones asked Member Brusch about the Capital Budget Committee's report. Member Brusch replied that, of the \$2.7M out there needed, we can only fund \$1.2M. IT and maintenance needs are not part of capital at this time, and she agreed with Chair Jones when he suggested that the IT and maintenance issues be out on the table. She has given Tom Younger a list of items submitted to the CBC which are not "capital."

Member Curtis observed that at Saturday's meeting he proposed spending \$2.5M of the available free cash on the operating budget. This would be possible under Member White's proposed use of free cash, he said, by combining the \$1.5M to be used on the operating budget with the \$1M net savings from health insurance.

Member Widmer was asked what number he felt represented sustainable growth? Five percent, he said. We've lived within that (operating budget) overall and at 5%, periodic overrides are still necessary. 5% is a tight budget, he said, it doesn't allow for many expansions. Member White observed that 5% is reasonable, if it excludes capital needs. Member Brusch noted that the continuing needs for technology are a substantial and essential figure - one that isn't in the 5%. Also maintenance costs will go up: Chenery, Wind Brook, Burbank, and Butler all have needs which are going to "snow ball" - costing us more to maintain in FY09. And, she added, this doesn't take the Senior Center into account in terms of staff and other necessary costs to run the facility. Member Allison noted that retirement health was not escalated.

Chair Jones inquired: "What would voters support to keep Belmont Belmont?" Fix buildings? School systems? Member Hofmann stressed that this needs to be put to the voters in tax dollar terms so people can see whole picture.

BOS Chair Solomon said it's clear that property taxes will need to increase in FY09 and that we need to start an education program soon - and that we will need a unanimous BOS vote, which we didn't have with the roads override. Member Curtis submitted that there has been no lack of discussion to the people. We need an operating override in FY09 of about \$3M - how do you propose (he asked Member Hofmann) we get that specific message across? Member Hofmann replied that we need to show a timetable, lay out what is needed, with dollars connected to it. Member Doblin added that we must also include what losses will occur if an override is not passed, and what those losses will ultimately add up to. The cost of not doing the Wellington is substantial, she said.

The remainder of the meeting included a discussion about what steps will need to be taken in an education campaign directed at the Town regarding the need for an upcoming override (e.g. letters, newspaper articles, etc.). Member Solomon stated that a committee may need to be formed (this Fall) to raise funds to support the override message.

Town Accountant Hagg and Member White were thanked for their efforts in preparing the Forecast/Analysis report.

Meetings Next Week

BOS Chair Solomon outlined next week's meetings:

- " Mon, 3/19, 7:00pm (Town Hall Auditorium): Capital Project Planning Group
- " Wed, 3/21, 7pm (at Chenery): Blue Print Committee

Member Heigham moved to adjourn at 8:39 pm.

Submitted by Lisa Gibalerio
Recording Secretary